



BOARD OF STUDIES
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
COMMON PROFICIENCY TEST
Model Test Paper – BOS/CPT-10 / 2007

Time : 4 hours

Maximum Marks : 200

The test is divided into four sections.

SECTION – A : FUNDAMENTALS OF ACCOUNTING (60 MARKS)

PART-I

1. Rings and pistons of an engine were changed at a cost of Rs. 5000 to increase fuel efficiency is:
 - (a) Capital expenditure
 - (b) Revenue expenditure
 - (c) Deferred revenue expenditure
 - (d) Name of the above.
2. Which of the following is nominal account
 - (a) Debtors account
 - (b) Loan account
 - (c) Provision for Bad debts
 - (d) Bank overdraft
3. Unexpired portion of Capital expenditure is shown in
 - (a) Trading account
 - (b) Profit and loss a/c
 - (c) Balance sheet
 - (d) None of the above
4. According to money measurement concept, currency transactions and events are

recorded in the books of accounts

- (a) In the ruling currency of the country in which transaction takes place.
 - (b) In the ruling currency of the country in which books of accounts are prepared
 - (c) In the currency set by ministry of finance
 - (d) In the currency set by Govt.
5. Profit leads to increase in
- (a) Assets
 - (b) Capitals
 - (c) Both (a) and (b)
 - (d) Neither (a) and (b)
6. Which of the following account will have credit balance?
- (a) Debentures A/c
 - (b) Carriage inward
 - (c) Prepared insurance
 - (d) Bills receivable
7. Insurance unexpired account is a
- (a) Real account
 - (b) Nominal account
 - (c) Personal account
 - (d) None of the three
8. Three column cash book records
- (a) Only cash transactions
 - (b) All transactions
 - (c) Cash, Bank and discount transactions
 - (d) Cash purchases and cash sale transactions
9. The value of an asset after reducing depreciation from the historical cost is known as
- (a) Fair value
 - (b) Book value
 - (c) Market value
 - (d) Net realizable value
10. Trial Balance is prepared according to
- (a) Total method

- (b) Balance method
- (c) Total and Balance both
- (d) All the three.

PART-II

11. The parties to joint venture is called
 - (a) Partners
 - (b) Principal and agent
 - (c) Friends
 - (d) Co-ventures
12. Owner of the consignment stock is
 - (a) Consignee
 - (b) Consignor
 - (c) Debtors
 - (d) None
13. Profit or loss on revaluation is shared among the partners in
 - (a) Old profit sharing ratio
 - (b) New profit sharing ratio
 - (c) Capital ratio
 - (d) Equal ratio
14. In case of admission of a partner, the first account prepared is
 - (a) Revaluation account
 - (b) Realisation account
 - (c) Profit and loss adjustment account
 - (d) Bank account
15. After the death of a partner, amount payable is received by
 - (a) Government
 - (b) Firm
 - (c) Executor of the death partner
 - (d) None of the three.
16. A company purchased a plant for Rs. 5000. The useful life of the plant is 10 years and the residual value is Rs. 500. SLM rate of depreciation will be
 - (a) 9%
 - (b) 8%

- (c) 10%
 - (d) None of the three
17. When preparing a Bank Reconciliation Statement, if you start with credit balance as per Pass Book, then cheque deposited in the bank but not credited within the period are
- (a) Added
 - (b) Deducted
 - (c) Not required to be adjusted
 - (d) None of the above.
18. The balance of the petty cash is
- (a) An expense
 - (b) Income
 - (c) An asset
 - (d) Liability
19. If del credere commission is allowed for bad debt, consignee will debit the bad debt amount to
- (a) General Trading A/c
 - (b) Debtors A/c
 - (c) Consignor A/c
 - (d) Commission earned A/c
20. Outgoing partner is compensated for parting with firm's future profits in favour of remaining partners. The remaining partners contribute to such compensation amount in
- (a) Capital ratio
 - (b) Sacrificing ratio
 - (c) Gaining ratio
 - (d) Profit sharing ratio

PART-III

21. Sometimes, in case of admission of a partner, all partners may agree to show the assets and liabilities in the new balance sheet at their old figures even when they agree to reveal them. For this purpose, the A/c which is prepared is divided into two parts. In the first part decrease in asset, increase in reserves and increase in liability is debited and increase in asset, decrease in reserve and decrease in liability is credited. The profit or loss on revaluation in the first part is transferred to old partners capital accounts in the old profit sharing ratio. In the second part entries are reversed. Balance of the second part is transferred to the capital a/c of all partners (including the new partner) in their new profit sharing ratio. Thus, if there is profit in the first part, there will be loss of the same amount in the second part. This A/c is prepared only when it is mentioned that assets

and liabilities other than cash not to be altered in new balance sheet. The account is known as

- (a) Memorandum Revaluation A/c
 - (b) Revaluation A/c
 - (c) Profit & Loss Adjustment A/c
 - (d) None of the above.
22. A businessman purchased goods for Rs. 25,00,000 and sold 80% of such goods during the accounting year ended 31st March 2006. The market value of the remaining goods was Rs. 4,00,000. He valued closing stock at cost. He violated the concept of
- (a) Money measurement
 - (b) Conservatism
 - (c) Cost
 - (d) Periodicity

PART-IV

23. From the following figures prepare balance sheet of the Mr. X as on Dec. 31, 2006.

	<i>Rs.</i>		<i>Rs.</i>
Goodwill	70000	Debtors	35000
Plant & Machinery	60000	Furniture	10000
Investments	25000	Bills payable	10000
Outstanding expenses	5000	Bills Receivable	9000
Closing stock	25000	Cash	6000
Creditors	45000	Drawings	12000
Net Profit	22000	Capital	155000
Bank overdraft	15,000		

Balance sheet total will be

- (a) Rs. 240000
 - (b) Rs. 250000
 - (c) Rs. 230000
 - (d) None of the three
24. Cost of goods sold Rs. 19,000
- Closing Stock Rs. 6,000
- Sales Rs. 30,000
- Gross Profit will be
- (a) Rs. 10,000

- (b) Rs. 11,000
- (c) Rs. 5,000
- (d) None of the three

25.

	<i>Rs.</i>		<i>Rs.</i>
Salaries	4,000	General expenses	5,100
Interest on overdraft	200	Advertisement	5,000
Office expenses	5,000	Gross profit	35,000
Rent paid	2,000	Commission received	4,000
		Capital	50,000

Amount of net profit will be

- (a) Rs.17700
- (b) Rs.17000
- (c) Rs.15000
- (d) None of the three.

26. Trial Balance shows the following balance

	Dr.	Cr.
Capital	-	50,000
Income tax	10,000	
Income tax advance payment	1,600	
Interest on advance payment of tax		40

Capital a/c balance will be

- (a) Rs. 38,440
- (b) Rs. 38,000
- (c) Rs. 40,000
- (d) None of the three

27.

	Rs.
Jan 1, 2006 Provision for doubtful debts A/c	990
Dec. 31, 2006 Bad Debts	1,850
Dec. 3, 2006 Debtors	30,000

Information

- (i) Make a provision for bad debts 5% on debtors.
- (ii) Make a provision for discount on debtors 2%.

Provision for discount on debtors will be

- (a) Rs. 570

- (b) Rs. 500
(c) Rs. 750
(d) None of the three
28. Rs. 50,000 claim for workman's compensation under dispute is a
(a) Current liability
(b) Contingent liability
(c) Fixed liability
(d) None of the three
29. Loan @ 9% 10,000
Interest on loan 600
Outstanding interest on loan will be
(a) Rs. 300
(b) Rs. 250
(c) Rs. 350
(d) None of the three
30. Included in the sales were sale of goods of Rs. 5000 on "Sale on approval" basis for which consent of the customer was not received upto Dec. 31st. Goods sent on approval included profits at 25% on cost. Stock on approval will be
(a) Rs. 4500
(b) Rs. 5000
(c) Rs. 4000
(d) None of the three
31. On 1st Jan. 2006 Loose Tools A/c showed the balance of Rs. 4320. On 31st Dec. 2006 loose tools were revalued at Rs. 4680
During the year loose tools were purchased for Rs. 1440. Depreciation on loose tools will be
(a) Rs. 1080
(b) Rs. 1200
(c) Rs. 1000
(d) None of the three
32. Loan A/c credit balance on Dec. 31, 2006 15,000
Loan paid on June 30,2006 4,000
Loan paid on Sept. 30, 2006 5,000
Interest on loan is to be charged 9% p.a.

Interest amount will be

- (a) Rs. 1867.50
 - (b) Rs. 1800
 - (c) Rs. 2000
 - (d) None of the three
33. B/R from Mr. A of Rs. 1000 was posted to the credit of Bills payable A/c and also credited to the account of Mr. A. Rectifying entry will be

- (a) B/P 1000

To A	1000
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- (b) B/R 1000

To A	1000
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- (c) Bills Payable A/c Dr. 1000

Bills Receivable A/c Dr.	1000
To Suspense	2000

(d) None of the three

34. An item of purchase of Rs. 151 was entered in the Purchase Book as Rs. 15 and posted to Suppliers A/c on Rs. 51 rectifying entry will be

- (a) Purchase A/c Dr. 136

To Suppliers A/c	100
To Suspense A/c	36
- (b) Purchases A/c Dr. 136

To Suppliers	136
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- (c) Purchase A/c Dr. 136

To Suppliers	136
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(d) None of the three

35. The accountant of the firm M/s ABC is unable to tally the following trial balance.

S. No.	Account heads	Debit (Rs.)	Credit (Rs.)
1.	Sales		12,500
2.	Purchases	10,000	
3.	Miscellaneous expenses	<u> </u>	<u>2,500</u>
	Total	<u>10,000</u>	<u>15,000</u>

The above difference in trial balance is due to

- (a) wrong placing of sales account
 - (b) Incorrect totalling.
 - (c) wrong placing of miscellaneous expenses account
 - (d) Wrong placing of all accounts.
36. Sita and Gita are partners having profits and losses in the ratio of 3:2 having the capital of Rs.80,000 and Rs.50,000 respectively. They are entitled to 9% p.a. interest on capital before distributing the profits. During the year firm earned Rs.7,800 after allowing interest on capital. Profits apportioned among Sita and Gita is:
- (a) Rs. 4,680 and 3,120
 - (b) Rs. 4,800 and 3,000
 - (c) Rs. 5,000 and 2,800
 - (d) None of the above.
37. Balance as per Cash Book on 31.03.2006 Rs. 10,000
Cheque issued and presented on 4th April Rs. 2,300
Cheque sent to bank but not credited Rs. 2,000
B/P paid by Bank not entered in cash Book Rs. 800
Balance on per pass book will be
- (a) Rs.9500
 - (b) Rs.9000
 - (c) Rs.9800
 - (d) None of the three.
38. Bank overdraft as per cash book on 31st Dec. 2006 Rs. 10,500
Cheque sent for collection but not collected Rs. 8,250
Cheque issued but not presented for payment Rs. 12,000
Balance as per pass book overdraft will be
- (a) Rs.6750
 - (b) Rs.6500
 - (c) Rs.6000
 - (d) None of the three
39. Ram, the manager, is entitled to get a commission of Rs. 25 per article sold plus $\frac{1}{4}$ th of the amount by which the gross sales proceeds less total commission there on exceed a sum at the rate of Rs. 125 per article sold. Ram sold 450 articles at Rs. 73800.

commission amount will be -

- (a) Rs.12500
 - (b) Rs.12510
 - (c) Rs.12000
 - (d) None of the three
40. Vimal of Kanpur consigned to his agent Nirmal of Allahabad 100 machines at Rs. 500 each. He paid the following expenses packing charges Rs. 20 per machine, forwarding charges Rs. 400 and freight Rs. 600
- Nirmal received the consignment and paid Rs. 600 for cartage and octroi. He also paid Rs. 500 for godown charges. He sold 60 machines @ 700 per machine. He was entitled to a commission of 6%. Profit on consignment will be
- (a) 6820
 - (b) 6800
 - (c) 6000
 - (d) None of the three
41. PARIKH & CO. of Nagpur consigned D of Delhi 1000 Kgs. of Oil @ Rs. 13 per Kg. Consignor spent Rs. 750 on cartage, Insurance and freight. On the way due to leakage 50 kg. of oil was spoiled (Normal loss) D spent Rs. 500 on Octroi and carriage. His selling expenses were Rs. 400 on 800 Kg. of oil sold. Value of consignment stock will be
- (a) Rs.2250
 - (b) Rs.2000
 - (c) Rs.2200
 - (d) None of the three
42. Cost of machine Rs.1,35,000. Residual value Rs.5,000. Useful life 10 years the company charged depreciation for the first 5 years on straight line method. Later on, it reviewed the useful life and decided to take it as useful for another 8 years. Depreciation amount for 6th year will be.
- (a) Rs.8125
 - (b) Rs.8000
 - (c) Rs.8200
 - (d) None of the three
43. Ram and Laxman are partners. Their opening capital was Rs. 12000 and Rs. 6000. 6% interest will be calculated on capital and drawings. Profit before adjustment of interest was Rs. 635. Drawings were as follows.

<u>Ram</u>	<u>Rs.</u>	<u>Laxman</u>	<u>Rs.</u>
July 1	200	June 1	100

Aug 1	200	July 1	100
Sept. 1	300	Sept. 1	50
Nov. 1	50	Oct. 1	200
Feb. 1	100	Dec. 1	100

Annual accounts are closed on March 31. Divisible profit will be

- (a) Rs.5324
 (b) Rs.5200
 (c) Rs.5400
 (d) None of the three
44. A and B enter into a joint venture sharing profit and losses in the ratio of 2:1. A purchased goods costing Rs. 2,00,000. B sold the goods for Rs. 2,50,000. A is entitled to get 1% commission purchase and B is entitled to get 5% commission on sales. The profit on venture will be
- (a) Rs.35500
 (b) Rs.35000
 (c) Rs.36000
 (d) None of the three
45. Capital introduced in the beginning by Shyam Rs. 12,000; Further capital introduced during the year Rs. 4,000. He made drawings of Rs. 3000 and closing capital is Rs. 16430. The amount of profit or loss for the year will be
- (a) Rs.3000
 (b) Rs.3430
 (c) Rs.3500
 (d) None of the three
46. A and B are partners, sharing profits in the ratio 5:3. They admit C with 1/5 share in profits, which he acquires equally from both i.e. 1/10 from A and 1/10 from B. Now profit sharing ratio will be
- (a) 21:11:8
 (b) 11:21:8
 (c) 8:11:21
 (d) None of the three
47. A and B are partners in a firm sharing profits and losses in the ratio of 3:2. A new partner C is admitted. A surrenders 1/5th share of his profit in favour of C and B surrenders 2/5th share of his profit in favour of C. New profit sharing ratio will be
- (a) 12:6:7

- (b) 12:5:6
- (c) 12:4:5
- (d) None of the three

48. The profits of a firm for the last 5 years were as follows:

<u>Year ended 31st March</u>	<u>Profits (Rs.)</u>
1999	43,000
2000	50,000
2001	52,000
2002	65,000
2003	85,000

Goodwill is to be calculated on the basis of two years purchase of weighted average profits. The weights to be used are

1999	2000	2001	2002	2003
1	2	3	4	5

Goodwill amount will be

- (a) Rs.1,31,200
 - (b) Rs.1,30,000
 - (c) Rs.1,32,000
 - (d) None of the three
49. Ramesh and Suresh are partners sharing profits in the ratio of 2/3 and 1/3. Their capitals on Dec. 31, 2004 were Rs. 1,02,900 and Rs. 73,500 respectively. Mohan was admitted as a new partner on Jan. 1, 2005 for 1/5 share. He contributes 15210 as goodwill. He brings his capital in profit sharing ratio. Capital amount will be.
- (a) Rs.47902.50
 - (b) Rs.47000
 - (c) Rs.45000
 - (d) None of the three
50. Goods purchased Rs. 3,00,000; sales Rs. 2,70,000. If margin 20% on sales then closing stock will be
- (a) Rs.84000
 - (b) Rs.80000
 - (c) Rs.75000
 - (d) None of the three
51. A's acceptance to B for Rs. 2500 discharged by a cash payment of Rs. 1000 and a new

- bill for the balance plus Rs. 50 for interest. The amount of the new bill will be
- (a) Rs.2550
 - (b) Rs.1550
 - (c) Rs.1500
 - (d) None of the three
52. Ramesh, an employee got a salary Rs. 10,000 and withdrew goods of Rs. 7,000 (cost price Rs. 6,000) for personal use and got salary Rs. 6000. The excess payment will be
- (a) Rs. 2000
 - (b) Rs. 3000
 - (c) Rs. 4000
 - (d) None of the three
53. Mr. A receives a bill from B for Rs. 30,000 on 01.01.06 for 3 months. On 04.02.06. Mr. A got the bill discounted at 12%. The amount of discount will be
- (a) Rs. 900
 - (b) Rs. 300
 - (c) Rs. 600
 - (d) Rs. 650
54. Chandra Ltd. issued 15,000 equity shares of 100 each at a discount of 5%. Payments were made as - on application Rs. 25; on allotment Rs. 35 and Rs. 35 on first and final call. Applications for 14000 shares were received and all were accepted. All the money was duly received except the first and final call on 200 shares cash book Balance will be
- (a) Rs.13,23,000
 - (b) Rs.13,00,000
 - (c) Rs.12,00,000
 - (d) None of the three
55. X Ltd. forfeited 100 shares of Rs. 10 each issued at a discount of 10% to Ravi on which he had paid Rs. 2.50 per share on application and Rs. 2.50 per share on allotment. But on which he had not paid Rs. 2 on first call share capital in case of forfeiture will be debited by
- (a) Rs. 800
 - (b) Rs. 600
 - (c) Rs. 700
 - (d) None of the three
56. B Ltd. forfeited 500 shares of Rs. 10 each fully called up for non payment of first call of Rs. 2 per share. All these shares were reissued as fully paid for Rs. 8 per share. Amount

transferred to capital reserve will be

- (a) Rs.3000
 - (b) Rs.1800
 - (c) Rs.1500
 - (d) None of the three
57. The Promising Co. Ltd. took over assets of Rs. 3,50,000 and liabilities of Rs. 30,000 of X Ltd. for a purchase consideration of Rs. 3,30,000. The Promising Co. Ltd. paid the purchase consideration by issuing 12% debentures of Rs. 100 each at 10% premium. No. of Debentures issued will be
- (a) 3000 Debentures
 - (b) 3100 Debentures
 - (c) 2800 Debentures
 - (d) None of the three
58. A Company issued 2000, 12% debentures of Rs. 100 each at par but redeemable at 5% premium. Loss on issue of debentures will be
- (a) Rs.10,000
 - (b) Rs.12,000
 - (c) Rs.11,000
 - (d) None of the three
59. On 1st Jan. 2001, a Limited Co. issued 14% Rs. 1,00,000 debentures at a discount of 6% repayable at the end of 5 years. Amount of discount to be written off every year will be
- (a) Rs.1200
 - (b) Rs.1000
 - (c) Rs.1500
 - (d) None of the three
60. The Company issued debentures of the face value of Rs. 1,00,000 at a discount of 6%. On 1st January 2004. These debentures are redeemable by annual drawings of Rs. 20,000 made on 31st Dec. each year. The Directors decided to write off discount based on the debentures outstanding each year. Discount to be written off in the fifth year will be.
- (a) Rs.400
 - (b) Rs.500
 - (c) Rs.800
 - (d) None of the three

SECTION – B : MERCANTILE LAWS (40 MARKS)

PART-I

61. Which does not come into the category of delivery?
- (a) Actual
 - (b) Symbolic
 - (c) Constructive
 - (d) Perpetual
62. Which is not true in case of a finder of goods?
- (a) He can sell goods if the owner cannot be found
 - (b) If the owner is found and he refuses to pay lawful charges
 - (c) He can sell the goods if the goods are of perishing nature
 - (d) he cannot sell the goods in any condition
63. In C.I.F. Contracts, C.I.F. stands for:
- (a) Cost, Identify and freight
 - (b) Colour, Insurance and Freight
 - (c) Cost, Insurance and Freight
 - (d) Calculation, Insurance and Freight
64. Which does not relate to the term delivery of goods?
- (a) Actual delivery
 - (b) Symbolic delivery
 - (c) Constructive delivery
 - (d) Specific delivery
65. Which is true regarding the expulsion of a partner?
- (a) The expulsion must be in the interest of the partnership
 - (b) The partner to be expelled is served with notice
 - (c) He should be given an opportunity of being heard
 - (d) All of these
66. Which of the following is an essential feature of partnership?
- (a) Registration
 - (b) Partnership deed
 - (c) Test of mutual agency
 - (d) Separate legal entity
67. A agrees to pay one crore to B if he brings an earth a star from sky. This is a
- (a) Contingent contract

- (b) Quasi contract
 - (c) Implied contract
 - (d) Wagering conduct
68. A party entitled to rescind the contract, loses the remedy where
- (a) He has ratified the contract
 - (b) Third party has acquired right in good faith
 - (c) Contract is not separable
 - (d) All of these
69. Agreement of uncertain meaning is
- (a) Valid
 - (b) Void
 - (c) Voidable
 - (d) Illegal
70. Where the consent of both the parties is given by mistake, the contract is:
- (a) Void
 - (b) Valid
 - (c) Voidable
 - (d) Illegal
71. A contract made by mistake about same foreign law is
- (a) Void
 - (b) Valid
 - (c) Voidable
 - (d) Illegal
72. A agrees to pay Rs. 5000 to B if it rains and B promises to pay a like amount to A if it does not rain, the agreement is called.
- (a) Quasi Contract
 - (b) Contingent contract
 - (c) Wagering agreement
 - (d) Voidable contract
73. In case of illegal agreements, the Collateral agreements are:
- (a) Voidable
 - (b) Void
 - (c) Valid
 - (d) None of these

74. Consideration must move at the desire of the
- (a) Promisor
 - (b) promisee
 - (c) Any person
 - (d) Third party
75. Which partner does not take active part in the business
- (a) Minor partner
 - (b) Sub partner
 - (c) Dormant partner
 - (d) Estopped partner
76. Contingent contract is
- (a) illegal
 - (b) valid
 - (c) voidable
 - (d) void
77. A partnership at will is one
- (a) duration not fixed
 - (b) duration fixed
 - (c) dissolved at any time
 - (d) can be dissolved on the happening of an event
78. On dissolution the partners remain liable to till
- (a) Accounts are settled
 - (b) partners dues are paid off
 - (c) Public notice is given
 - (d) The registrar strikes off the name.
79. Every partner has the right
- (a) to take part in the business of the firm
 - (b) to share exclusive profits
 - (c) to use the property of the firm for personal purpose
 - (d) none of these

PART-II

80. A partner can retire on _____
- (a) at the age of superannuation
 - (b) at the low ebb of capital a/c

- (c) In accordance with the partnership deed
 - (d) On nominee becoming a partner
81. Each of the partner is _____
- (a) Principals as well as agent
 - (b) Only agents of the firm
 - (c) Only representative of the firm
 - (d) Only co-partners of the firm
82. Registration of firm is _____
- (a) Compulsory
 - (b) Optional
 - (c) Occasional
 - (d) none of these
83. The reconstitution of firm takes place in case _____
- (a) Admission of partner
 - (b) Retirement of a partner
 - (c) Death of a partner
 - (d) All of the above
84. A partnership firm is dissolved where _____
- (a) All partners have become insolvent
 - (b) Firms business has become unlawful
 - (c) The fixed term has expired
 - (d) None of these
85. It is not a right of partner _____
- (a) To take part in business
 - (b) To take access to accounts book
 - (c) To share profits
 - (d) To receive remuneration
86. It is not included in the implied authority of a partner _____
- (a) To buy or sell goods on account
 - (b) To borrow money for the purposes of firm
 - (c) To enter into partnership on behalf of firm
 - (d) To engage a lawyer to defend actions against firm.
87. After retirement from firm, _____ partner is not liable by holding out
- (a) Active partner

- (b) Sleeping partner
 - (c) Representative of deceased partner
 - (d) Both (B) and (C)
88. _____ does not relate the dissolution of firm
- (a) dissolution by agreement
 - (b) compulsory dissolution
 - (c) dissolution in the happening of certain contingency
 - (d) dissolution by leaving insolvent partner
89. _____ is the case of misconduct
- (a) Gambling by a partner on stock exchange
 - (b) Fraudulent breach of trust by a partner
 - (c) Persistent refusal by a partner to attend to the business
 - (d) All of these
90. Contingent contract is _____
- (a) Illegal
 - (b) Valid
 - (c) Voidable
 - (d) Void
91. A voidable contract _____
- (a) Can be enforced at the option of aggrieved party
 - (b) Can be enforced at the option of both the parties
 - (c) Cannot be enforced in a court of law
 - (d) Is prohibited by court.
92. There can be a stranger to a _____
- (a) Contract
 - (b) Consideration
 - (c) Agreement
 - (d) Promise
93. A minor is liable for _____ supplied to him
- (a) Necessaries
 - (b) Luxuries
 - (c) Necessities
 - (d) All the things

94. Threat to commit suicide amounts to _____
- (a) Coercion
 - (b) offence under the Indian Penal Code
 - (c) Undue influence
 - (d) Fraud
95. An agreement the object of which is unlawful is _____
- (a) Valid
 - (b) Void
 - (c) Voidable
 - (d) None of these
96. _____ can perform the contract
- (a) Promise alone
 - (b) Legal representative of promisor
 - (c) Agent of the promisor
 - (d) All of these
97. Consideration may be _____
- (a) Past
 - (b) Present
 - (c) Future
 - (d) All of these
98. Moral pressure is involved in the case of _____
- (a) Coercion
 - (b) Undue influence
 - (c) Misrepresentation
 - (d) Fraud

PART-III

99. A sells to B a horse which A knows to be unsound. B is A's daughter. Choose the best alternative
- (a) The relation between A and B would make it A's duty to tell B if the horse is unsound.
 - (b) If A is silent, silence will not be equivalent to speech
 - (c) Here it is not duty of A to tell the horse's defect
 - (d) A is not bound to tell the defect as the rule of caveat Emptor applies

100. M, a minor aged 17, broke right arm in a cricket match. He engaged a physician to set it. Does the physician have a valid claim for his services. Choose the best alternative.
- (a) The Physician cannot claim for his services due to contract with minor which is void
 - (b) The physician has a valid claim for his services which are included in the "Necessaries"
 - (c) The physician has no claim for minor's "necessaries" and minor will be personally liable
 - (d) The physician can claim for his services from minor's parents.

SECTION – C : GENERAL ECONOMICS (50 MARKS)

101. The LAC curve
- (a) falls when the LMC curve falls
 - (b) rises when the LMC curve rises
 - (c) goes through the lowest point of the LMC curve
 - (d) falls when $LMC < LAC$ and rises when $LMC > LAC$
102. At shut down point :
- (a) price is equal to AVC
 - (b) total revenue is equal to TVC
 - (c) total loss of the firm is equal to TFC
 - (d) all of the above
103. If as a result of change in price, the quantity supplied of the good remains unchanged, we say elasticity of supply is:
- (a) zero
 - (b) between zero and one
 - (c) infinite
 - (d) between one and infinity
104. The conditions of long-period equilibrium for the firm operative under perfect competition are:
- (1) $MC = MR$
 - (2) $AR = MR$
 - (3) $AC = AR$
 - (4) $AC = MC$.
- (a) (1) only
 - (b) (1) and (2) only
 - (c) (1), (2) and (3) only
 - (d) (1), (2), (3) and (4)
105. In a perfect competitive market
- (a) firm is the price-giver and industry the price take
 - (b) firm is the price taker and industry the price giver
 - (c) both are the price – takers
 - (d) none of the above
106. If the price of Pepsi decreases relative to the price of Coke and 7-Up, the demand for:
- (a) Coke will rise
 - (b) 7-Up will decrease

- (c) Coke and 7-Up will increase
 - (d) Coke and 7-Up will decrease
107. The difference between the price a consumer is willing to pay and the price he actually pays is called -
- (a) excess price
 - (b) excess demand
 - (c) consumer surplus
 - (d) exploitation
108. 'Excess Capacity' is the essential characteristic of the firm in the market form of :
- (a) monopoly
 - (b) perfect competition
 - (c) monopolistic competition
 - (d) oligopoly
109. 'Personal disposable' 'income' refers to :
- (a) the income of the person after all personal taxes are deducted
 - (b) total income earned by the person
 - (c) personal taxes paid to the government
 - (d) personal and indirect taxes paid to the government
110. National income of a country is also known as :
- (a) Gross National Product at market prices
 - (b) Net National Product at factor cost
 - (c) Gross Domestic Product at factor cost
 - (d) Net Domestic Product at Market prices
111. The indifference curve approach does not assume :
- (a) Rationality on the parts of consumers
 - (b) Ordinal measurement of satisfaction
 - (c) Consistent consumption pattern behaviour of consumers
 - (d) Cardinal measurement of utility
112. The incidence of taxes refers to :
- (a) the level and rate of taxation
 - (b) who ultimately bears the money burden of the tax.
 - (c) the growth of taxation
 - (d) the way in which a tax is collected
113. Optimum population is that level of population at which
- (a) output per capita is the highest

- (b) output per capita is the lowest
 - (c) output per capita is the same
 - (d) none of the above
114. The main objective of fiscal policy in developing countries is to:
- (1) promote economic growth
 - (2) mobilise resources for economic growth
 - (3) ensure economic growth and distribution
 - (4) increase employment opportunities
- (a) only 1 and 2 are correct
 - (b) only 2 and 3 are correct
 - (c) only 2 and 4 are correct
 - (d) 1, 2, 3 and 4 are correct
115. Budgetary deficit can be expressed as:
- (a) the excess of public expenditure over public revenue
 - (b) the sum of deficit on revenue account and deficit on capital account
 - (c) that portion of government expenditure which is financed through the sale of 91 days Treasury Bills and drawing down of cash balances
 - (d) all of the above
116. A Government budget is defined as:
- (a) a description of the fiscal policies of the government and the financial plans
 - (b) a financial plan describing estimated receipts and proposed expenditures and disbursement under various heads
 - (c) neither of the above
 - (d) both (a) and (b) above
117. _____ depicts complete picture of consumer's tastes and preferences
- (a) Budget line
 - (b) Average cost curve
 - (c) Indifference map
 - (d) Marginal revenue curve
118. Human Development Index (HDI) is a composite index of :
- (a) Health, literacy and employment
 - (b) National income, size of population and general price level
 - (c) National income, per capita income and per capita consumption
 - (d) Physical resources, monetary resources and population size

119. The task of national income estimation to India is entrusted to the
- (a) Indian Statistical Institute
 - (b) National Sample Survey Organization
 - (c) Central Statistical organization
 - (d) National Accounts Organisation
120. The marginal farmer in India is defined as a cultivator who :
- (a) does not own any land
 - (b) workers on a land holding of less than one hectare
 - (c) works on a land holding for wages
 - (d) keeps shifting between agriculture and non-agriculture jobs
121. The main objective of the Regional Rural Bank is to
- (a) provide Credit and other facilities to small and marginal farmers, agricultural labours and artisans in rural areas
 - (b) provide credit to the common people in rural areas
 - (c) take over the functions of Agricultural Refinance Corporation of India
 - (d) supplement scheduled commercial banks
122. At present, the area covered by forests as a percentage of total land area in India lies within a range of
- (a) 11% to 15%
 - (b) 16% to 20%
 - (c) 21% to 25%
 - (d) 26% to 30%
123. The second plan's programme of industrialisation was based on the _____ model
- (a) The Britishers in India
 - (b) V.V. Bhatt
 - (c) P.C. Mahalanobis
 - (d) Vera Anstey
124. An inferior commodity is one which is consumed in smaller quantities when the income of consumer :
- (a) becomes nil
 - (b) remains the same
 - (c) falls
 - (d) rises

125. Which of the following equation is correct?
- (a) $MRTS_{XY} = \frac{P_Y}{P_X}$
 - (b) $MRTS_X = \frac{P_X}{P_Y}$
 - (c) $MRTS_{YX} = \frac{P_Y}{P_X}$
 - (d) None of the above
126. The marginal cost curve intersects the average cost curve when average cost is:
- (a) maximum
 - (b) minimum
 - (c) raising
 - (d) falling
127. If the demand curve confronting an individual firm is perfectly elastic, then :
- (a) the firm is a price taker
 - (b) the firm cannot influence the price
 - (c) the firms marginal revenue curve coincides with its average revenue curve
 - (d) all of the above
128. In long run equilibrium the pure monopolist can make pure profits because of
- (a) blocked entry
 - (b) the high price he charges
 - (c) the low LAC costs
 - (d) advertising
129. Which of the following statements is not true about a discriminating monopolist?
- (a) He operates in more than one market
 - (b) He makes more profit because he discriminates
 - (c) He maximizes his profits in each market
 - (d) He charges different prices in each market
130. In both the Chamberlin and kinked demand curve models, the oligopolists
- (a) recognize their independence
 - (b) do not collude
 - (c) tend to keep prices constant
 - (d) all of the above

131. The demand for a factor of production is said to be a derived demand because
- (a) it is a function of the profitability of an enterprise
 - (b) it depends on the supply of complementary factors
 - (c) its stems from the demand for the final product
 - (d) it arises out of means being scarce in relation to wants.
132. Positive income elasticity implies that as income rises, demand for the commodity
- (a) rises
 - (b) falls
 - (c) remains unchanged
 - (d) becomes zero
133. A Central Bank differs from a commercial bank in that :
- (a) It has no branches
 - (b) It is the banker of the government
 - (c) It deals with general public
 - (d) None of the above
134. Open market operations by a Central bank involve :
- (a) sale and purchase of government securities
 - (b) increase and decrease of discount rate
 - (c) changing the reserve ratio up and down
 - (d) raising or lowering of the margin requirements
135. Which one of the following is the most profitable but least liquid asset of a commercial bank?
- (a) Loans and advances
 - (b) Money at call and short notice
 - (c) Bills discounted and purchased
 - (d) Investment in government securities.
136. CENVAT stands for :
- (a) Common Entity Value Added Tax
 - (b) Corporate Entity Value Added Tax
 - (c) Central Value Added Tax
 - (d) None of the above
137. Export led growth strategy does not include :
- (a) outward oriented growth
 - (b) export promotion
 - (c) import restrictions

- (d) emphasising comparative advantage
138. The known reserves of iron are in India as a percentage of world deposits are _____
- (a) 6.6
 - (b) 7.6
 - (c) 10
 - (d) 12
139. Occupational structure refers to the
- (a) number of workers living in a country
 - (b) size of working population in the industrial sector
 - (c) distribution of working population among different occupations
 - (d) nature of different occupations in the economy
140. The 'year of Great Divide' with regard to population growth in India is :
- (a) 1911
 - (b) 1921
 - (c) 1947
 - (d) 1971
141. FIEO stands for :
- (a) Foreign Import Export Organisation
 - (b) Federation of Import Export Organisation
 - (c) Forum of Indian Export Organisation
 - (d) Federation of Indian Export Organisation
142. The Tenth Five Year Plan (2002-2007) outlines a strategy to achieve a GDP growth rate of
- (a) 6 per cent
 - (b) 8 per cent
 - (c) 10 per cent
 - (d) 12 per cent
143. The major cause of unemployment in India is :
- (a) underdevelopment
 - (b) defective manpower planning
 - (c) rapid population growth
 - (d) all of the above
144. The largest share of foreign aid in India has been used in the programme of :
- (a) agriculture development
 - (b) industrial development

- (c) education
 - (d) health
145. Before financial reforms, the banking system was characterised by all of the following except :
- (a) administered interest rate structure
 - (b) quantitative restrictions on credit flow
 - (c) high revenue requirements
 - (d) keeping very less lendable resources for the priority sector
146. The important cash crop encouraged by the Britishers was
- (a) Opium
 - (b) Indigo
 - (c) Cotton
 - (d) All of these
147. Economic development has retarded in India mainly due to :
- (a) overgrowing service sector
 - (b) westernised social attitudes
 - (c) poor infrastructural facilities
 - (d) modern agrarian system
148. India is termed as a developing economy because of her :
- (a) initiative for determined planned economic development
 - (b) rapid population growth
 - (c) predominant agrarian set-up
 - (d) slow Industrial Progress
149. The percentage of people working in agriculture sector is _____.
- (a) 60 per cent
 - (b) 80 per cent
 - (c) 55 per cent
 - (d) 50 per cent
150. Tenth plan aims at reducing the Maternal Mortality Rate (MMR) to _____ per live births by 2007
- (a) 5
 - (b) 2
 - (c) 1
 - (d) 3

SECTION – D : QUANTITATIVE APTITUDE (50 MARKS)

151. The sum of the series $\frac{1}{3} + \frac{1}{3^2} + \frac{1}{3^3} + \frac{1}{3^4} + \dots$ to ∞ is
- (a) $\frac{1}{3}$
 - (b) $\frac{1}{2}$
 - (c) $\frac{1}{6}$
 - (d) None of these
152. The sum of the series $1 + 10^{-1} + 10^{-2} + 10^{-3} \dots$ to ∞ is
- (a) $\frac{9}{10}$
 - (b) $\frac{1}{10}$
 - (c) $\frac{10}{9}$
 - (d) None of these
153. The sum of the series $1 - 1 + 1 - 1 + 1 - 1 + \dots$ to 100 terms is equal to
- (a) 1
 - (b) -1
 - (c) 0
 - (d) 50
154. The sum of the series $1 - 1 + 1 - 1 + 1 - 1 + \dots$ to 101 terms is
- (a) 1
 - (b) -1
 - (c) 0
 - (d) 100
155. If $A = \{1, 3, 5, 7, \dots\}$, $B = \{2, 4, 6, 8, \dots\}$ then $A \cup B$ is equal to
- (a) Set of all natural members
 - (b) Set of all integers
 - (c) Set of all numbers

- (d) Set of functions
156. If $A = \{1, 3, 5, 7, \dots\}$, $B = \{2, 4, 6, 8, \dots\}$ then $A \cap B$ is equal to
- (a) Set of all integers
 - (b) Set of all positive integers
 - (c) ϕ
 - (d) None of these
157. The set of squares of positive integers is
- (a) A finite set
 - (b) Null set
 - (c) An infinite set
 - (d) None of these
158. If $A = \{1, 2, 3, 4, 5\}$ and $B = \{6, 7, 8\}$ then cardinal number of $A \times B$ is:
- (a) 15
 - (b) 5
 - (c) 3
 - (d) 8
159. If B is any set then $B \cap B$ is
- (a) Null Set
 - (b) B
 - (c) Whole set
 - (d) None of these
160. If B is any set then $B \cup B$ is
- (a) B
 - (b) Null set
 - (c) Whole set
 - (d) None of these
161. The number of subsets of the set $A = \{1, 2, 3, 4, 5, 6, 7, 8\}$ is
- (a) 36
 - (b) 128
 - (c) 256
 - (d) None of these

162. If $f(x) = \frac{x^2 - 25}{x - 5}$, $f(5)$ is

- (a) 1
- (b) 0
- (c) 10
- (d) Undefined

163. If $f(x) = \left(\frac{x^2 - 4}{x - 2} \right)$, then $f(2)$ is

- (a) 0
- (b) 2
- (c) 4
- (d) 1

164. If $f(x) = \frac{5}{x}$, then $f(0)$ is

- (a) $+\infty$
- (b) $-\infty$
- (c) 5
- (d) Undefined

165. If $f(x) = \frac{x^2 - 1}{x - 1}$, $x \neq 1$, $f(1) = A$

For what value of A , $f(x)$ is continuous at $x = 1$?

- (a) 1
- (b) 2
- (c) 0
- (d) None of these

166. $\lim_{x \rightarrow 0^+} \frac{1}{x}$ is

- (a) $+\infty$
- (b) $-\infty$
- (c) Does not exist
- (d) None of these

167. $\lim_{x \rightarrow 0^-} \frac{1}{x}$ is
- (a) $+\infty$
 - (b) $-\infty$
 - (c) Does not exist
 - (d) None of these
168. $\lim_{x \rightarrow 0^-} \frac{x^2 - 25}{x - 5}$ is equal to
- (a) does not exist
 - (b) 1
 - (c) 10
 - (d) 0
169. Let $f(x) = \frac{x^2 - 6x + 9}{x - 3}$, $x \neq 3$, $f(3) = 0$ then $f(x)$ is
- (a) Continuous at $x = 3$
 - (b) Discontinuous at $x = 3$
 - (c) Discontinuous for all x
 - (d) None of these
170. $\lim_{n \rightarrow \infty} \frac{1 + 2 + 3 + \dots + n}{n^2}$ is equal to
- (a) 1
 - (b) $\frac{1}{2}$
 - (c) 0
 - (d) None of these
171. $\lim_{n \rightarrow \infty} \frac{1^2 + 2^2 + 3^2 + \dots + n^2}{n^3}$ is equal to
- (a) $\frac{1}{3}$
 - (b) 0
 - (c) 1
 - (d) None of these

172. $\lim_{n \rightarrow \infty} \frac{1^3 + 2^3 + 3^3 + \dots + n^3}{n^4}$ is equal to

- (a) $\frac{1}{4}$
- (b) 1
- (c) 0
- (d) None of these

173. If $f(x) = 5x$, when $x > 0$
 $= -5x$, when $x < 0$

Then $f(x)$ is

- (a) Discontinuous at $x = 0$
- (b) Discontinuous for all x
- (c) Continuous at $x = 0$
- (d) None of these

174. If $y = x^5 + e^{2x} + \log 3x$ then $\frac{dy}{dx}$ is

- (a) $5x^4 + 2e^{2x} + \frac{1}{x}$
- (b) $x^5 + e^{2x} + \frac{1}{3x}$
- (c) $5x^4 + e^{2x} + \frac{1}{3x}$
- (d) None of these

175. If $f(x) = a^{3x} + 4x^9 + 10$ then $\frac{dy}{dx}$ is

- (a) $a^{3x} + 36x^8 + 10x$
- (b) $3a^{3x} \log a + 36x^8$
- (c) $3a^{3x} \log a + 36x^8 + 10x$
- (d) None of these

176. If $x = at^2$, $y = 2$ at then $\frac{dy}{dx}$ is equal to

- (a) $\frac{1}{t}$
- (b) 2 at

(c) $2a$

(d) $\frac{a}{t}$

177. If $x^2 + y^2 = a^2$, then $\frac{dy}{dx}$ at $(-2, 2)$ is

(a) 2

(b) 2

(c) 1

(d) 3

178. If $y = 2x^2 + 3x + 10$ then $\frac{dy}{dx}$ at $(0, 0)$ is

(a) 10

(b) 0

(c) 3

(d) None of these

179. The gradient of the curve $y = x^3 - x^2$ at $(0, 0)$ is

(a) 1

(b) 0

(c) -1

(d) None of these

180. The value of $\int (6x^5 + 3e^{2x} + 5)dx$ is equal to

(a) $x^6 + \frac{3}{2}e^{2x} + 5x + k$

(b) $30x^4 + 6e^{2x}$

(c) $x^6 + \frac{3}{2}e^{ex}$

(d) None of these

181. The value of $\int \left(x - \frac{1}{x}\right)^2 dx$ is

(a) $\frac{x^3}{3} + 2x - \frac{1}{x}$

(b) $\frac{x^3}{3} - 2x - \frac{1}{x} + k$

(c) $\frac{x^2}{2} + k$

(d) None of these

182. The value of $\int (5x^{e^x} + 10)dx$ is equal to

(a) $5xe^x - 5e^x + 10x + c$

(b) $5xe^x + 5e^x + 5x + c$

(c) $xe^x - 5e^x + 10x + c$

(d) None of these

183. The value of $\int \frac{dx}{x(x^2 - 1)}$ is equal to

(a) $\frac{1}{2} \log \left(1 + \frac{1}{x^2} \right)$

(b) $\frac{1}{2} \log \left(1 - \frac{1}{x^2} \right) + k$

(c) $\log \left(1 - \frac{1}{x^2} \right)$

(d) None of these

184. The value of the integral $\int \frac{1}{x \log x}$ is

(a) $\frac{1}{(x \log x)^2} + c$

(b) $\log (x \log x)$ (c)

(c) $\log (\log x) + c,$

(d) None of these

185. The value of $\int_0^1 \frac{\sqrt{x}}{\sqrt{x} + \sqrt{1-x}} dx$ is

(a) $\frac{1}{2}$

(b) 1

(c) 2

(d) 0

186. The value of $\int_0^1 (2x+5)dx$ is
- (a) 54
 - (b) 6
 - (c) 19
 - (d) None of these
187. The value of $\int_{\frac{2}{3}}^{\frac{3}{4}} \frac{x+3}{x+1} dx$ is
- (a) $1 + 2 \log \frac{4}{3}$
 - (b) $1 - 2 \log \frac{4}{3}$
 - (c) $1 + \log \frac{3}{4}$
 - (d) None of these
188. Statistics is applied in
- (a) Psychology only
 - (b) Commerce only
 - (c) Economics only
 - (d) All these and in other subjects
189. The mean salary for a group of 4 male is Rs. 5200 per month and that for a group of 6 female is Rs. 6800 per month. What is the combined salary?
- (a) Rs. 6160
 - (b) Rs. 6610
 - (c) Rs. 6110
 - (d) None of these
190. For the numbers 1, 2, 3, 4, 5, 6, 7 standard deviation is:
- (a) 3
 - (b) 4
 - (c) 2
 - (d) None of these
191. If the quartile deviation of x is 8 and $3x + 6y = 20$, then the quartile deviation of y is
- (a) -4
 - (b) 3
 - (c) 5

- (d) None of these
192. For a group of 8 students, the sum of squares of differences in ranks for Economics and Commerce marks was 50, the value of rank correlation coefficient is equal to
- (a) 0.50
 - (b) 0.40
 - (c) 0.60
 - (d) None of these
193. A number is selected from the set $S = \{1, 2, 3, 4, \dots, 25\}$. The probability, that it would be divisible by 4 or 7, is
- (a) 0.26
 - (b) 0.46
 - (c) 0.36
 - (d) None of these
194. Suresh is selected for three different posts. For the first post, there are 2 candidates, for the second there are 3 candidates, for the third there are 10 candidates. The probability, that Suresh would be selected, is.
- (a) 0.7
 - (b) 0.5
 - (c) 0.6
 - (d) None of these
195. Eight balls are distributed at random in three containers. The probability, that the first container would contain three balls, is
- (a) 0.37
 - (b) 0.17
 - (c) 0.27
 - (d) None of these
196. If 15 dates are chosen at random, then the probability of getting two Fridays is
- (a) 0.13
 - (b) 0.38
 - (c) 0.47
 - (d) None of these
197. Between 7 and 8 P.M., the average number of phone calls per minute is 4. The probability, that during one particular minute there will be no phone calls, is
- (a) e^{-3}

- (b) $\frac{1}{e}$
- (c) e^{-4}
- (d) None of these

198. The points of inflexion of the normal curve $f(t) = \frac{1}{4\sqrt{2\pi}} e^{-\frac{(t-10)^2}{32}}$ are

- (a) 6, 14
- (b) 5, 15
- (c) 4, 16
- (d) None of these

199. A population consists units a, b, c, d, e, f. The total number of all possible samples of size four without replacement are

- (a) 10
- (b) 12
- (c) 15
- (d) None of these

200. If $y = x^{10} + 5 \log 3x + 6e^{2x} + 10$ then $\frac{dy}{dx}$ is equal to

- (a) $10x^9 + 15x + 12e^{2x}$
- (b) $10x^9 + \frac{5}{x} + 12e^{2x}$
- (c) $10x^9 + \frac{5}{x} + 6e^{2x}$
- (d) None of these